



Agenda Date: 4/26/06  
Agenda Item: IVB

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
*Two Gateway Center*  
*Newark, NJ 07102*  
*www.bpu.state.nj.us*

IN THE MATTER OF THE JOINT PETITION  
OF TELCOVE, INC. AND TELCOVE  
INVESTMENT, LLC FOR AUTHORITY TO  
ENTER INTO CERTAIN FINANCING  
ARRANGEMENTS

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TELECOMMUNICATIONS

ORDER OF APPROVAL

DOCKET NO. TF06030142

(SERVICE LIST ATTACHED)

**BY THE BOARD**

On March 1, 2006, TelCove, Inc. (f/k/a Adelphia Business Solutions, Inc.) ("TelCove"), and TelCove Investment, LLC (f/k/a Adelphia Business Solutions Investment, LLC) ("TelCove-NJ" or "Company") (together "Petitioners"), filed a joint petition with the New Jersey Board of Public Utilities ("Board" or "BPU"), pursuant to N.J.S.A. 48:3-7, N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9 seeking authority to execute various financial instruments in order to increase an existing senior secured multi-draw loan facility from \$65 million up to a total amount of \$85 million ("Amended Term Loan Facility"), a net increase of \$20 million.

TelCove-NJ is a competitive local exchange carrier authorized to operate in the State of New Jersey, with its principal place of business in Coudersport, Pennsylvania. TelCove is the parent company of TelCove-NJ. TelCove currently services 205 business customers in North and Central New Jersey.

Petitioners seek authority to increase the maximum amount borrowed under an existing senior secured multi-draw loan facility up to \$85 million, on terms contained in the Amended Term Loan Facility filed with the Board. The Amended Term Loan Facility is structured so that one or more subsidiaries of TelCove may borrow from the Amended Term Loan Facility and use the proceeds for general corporate purposes, working capital, and to complete the financing of certain asset purchases. The term of the Amended Term Loan Facility would remain at its current maturity date of June 30, 2008.

The Amended Term Loan Facility will be secured by a security interest in all assets and properties of the Petitioners, including the stock in TelCove-NJ along with all of TelCove-NJ's assets. Petitioners note that in Docket No. TF05040369 the Board previously authorized TelCove and TelCove-NJ to pledge their assets and properties in connection with the execution of the existing Term Loan Facility. Petitioners note that the Amended Term Loan Facility

described in this proceeding is an increase of the Term Loan Facility previously authorized by the Board.

The Ratepayer Advocate has reviewed this matter and recommends the Board approve this petition.

The Staff's review indicates that the financing transaction is in accordance with law and that the use of the proceeds associated therewith is appropriate. While there is no guarantee in this regard, especially given the competitive environment in which Petitioners operates, the Board is satisfied that the transactions will not have an adverse impact on Petitioners' operations in New Jersey.

After review, the Board FINDS that the proposed transaction is consistent with the applicable law and the public interest. The Board therefore, approves the purposes thereof. The Board HEREBY AUTHORIZES the Petitioners to borrow from a secured Amended Term Loan Facility in an amount up to \$85 million.

As a result of this review, Petitioners are authorized under the secured Amended Term Loan:

- A. To borrow for general corporate purposes, capital expenditures, working capital and permitted investments and acquisitions, plus transaction fees and expenses related to the Amended Term Loan Facility;
- B. To borrow up to \$85 million from the Amended Term Loan Facility; and
- C. To pledge the stock and the assets of its subsidiaries, including TelCove-NJ, to secure the Amended Term Loan Facility.

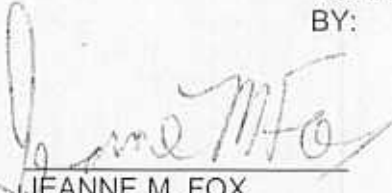
This order is subject to the following provisions.

- Petitioners shall notify the Board, within five business days, of any material changes in the Amended Term Loan Facility, and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
- 2. Petitioners shall notify the Board of any material default on the terms of the Amended Term Loan Facility within five business days of such occurrence.
  - 3. This Order shall not affect or in any way limit the exercise of the authority of the Board or of the State in any future petition with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioners.
  - 4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.

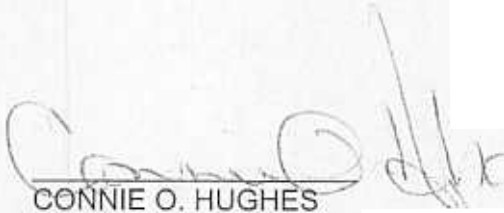
5. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioners.

DATED: 4/27/06

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

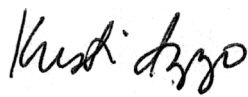
  
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COMMISSIONER

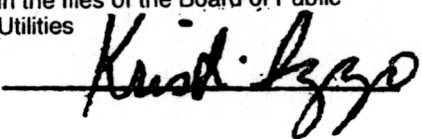
  
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COMMISSIONER

  
CHRISTINE V. BATOR  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities



## SERVICE LIST

### IN THE MATTER OF THE JOINT PETITION OF TELCOVE, INC. AND TELCOVE INVESTMENT, LLC FOR AUTHORITY TO ENTER INTO CERTAIN FINANCING ARRANGEMENTS

Docket No. TF06030142

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